SUMMARY

The Office of Natural Gas and Petroleum Import and Export Activities prepares quarterly reports summarizing the data provided by companies authorized to import or export natural gas. Companies are required, as a condition of their authorizations, to file quarterly reports. This report is for the third quarter of 1998 (July - September).

Attachment A shows the percentage of takes to maximum firm contract levels and the weighted average per unit price for each of the long-term importers during the five most recent calendar quarters.
Attachment B shows volumes and prices of gas purchased by long-term importers and exporters during the past 12 months.
Attachment C shows volume and price information pertaining to gas imported on a short-term or spot market basis.
Attachment D shows the gas exported on a short-term or spot market basis to Canada and Mexico.

Third Quarter Highlights: Natural gas imports from Canada under DOE's two-year blanket (short-term) authorizations grew to an all-time high in the third quarter, reaching almost 448 Bcf. This is an increase of nearly 23 percent over the same period last year. During the third quarter, over 58 percent of all gas imports were brought into the United States under these blanket import authorizations.

Long-term Canadian imports declined by 3.1 percent compared with the third quarter of 1997 (323.4 v. 333.6 Bcf). This decline is directly attributable to the termination of 12 long-term gas supply contracts (170 MMcf/day) that supplied 10 cogeneration facilities located in upstate New York. These facilities sell electricity to Niagara Mohawk Power Corporation (NMPC). Prior to June 30, 1998, these facilities sold their power output at "avoided cost prices" to NMPC under long-term contracts. As a result of the implementation of a Master Restructuring Agreement, these non-utility generators now sell electricity to NMPC at market driven prices. In the future, these facilities most likely will be fueled by purchasing Canadian and domestic gas supplies on the spot or short-term market.

Applied LNG Technologies began exporting LNG to Mexico on August 19, 1998. This marks the first time in which LNG has been exported to Mexico. Almost 10,000 gallons of LNG were exported, via truck, to the ACCO Brands plant in Nogales, Sonora, Mexico. Applied LNG Technologies just opened its new liquefaction, storage and distribution facility in Topock, Arizona. The company states that its plant can produce 86,000 gallons of LNG per day and that it plans to sell the LNG in Southern California, Southern Nevada and Sonora, Mexico.

Third Quarter Data: Long-term imports totaled 331.9 Bcf during the third quarter, decreasing 18.8 Bcf compared to the third quarter of 1997 (350.7 Bcf). As noted above, long-term Canadian imports for the quarter totaled 323.4 Bcf, representing a 3.1 percent decrease over the third quarter of 1997 (333.6 Bcf). The average price of these supplies was $1.99/MMBtu, which was 9 percent lower than the previous quarter and 8 percent lower than the third quarter of 1997. Under **long-term LNG contracts**, Duke Energy LNG Sales, Inc. (Duke) imported 8.5 Bcf from Algeria at an average price of $1.88/MMBtu. Distrigas Corporation (Distrigas) did not import any LNG under its long-term arrangements. Marathon Oil Company and Phillips Alaska Natural Gas Corporation exported 18.9 Bcf of LNG to Japan at an average delivered price of $2.67/MMBtu.

During the third quarter, 85 companies used **short-term authorizations to import** 459.8 Bcf. This volume represents a 25 percent increase compared to the third quarter of 1997 (369.0 Bcf). Of this total, 447.7 Bcf was imported from Canada at an average price of $1.61/MMBtu, and 5.5 Bcf was imported from Mexico at an average price of $1.91/MMBtu. Under **short-term LNG contracts**, Duke imported 4.9 Bcf from Australia at an average price of $2.21/MMBtu and 1.7 Bcf from Algeria at an average price of $1.86/MMBtu. Distrigas did not import any LNG under its short-term authorization.

Approximately 37 percent of the **short-term Canadian imports** occurred at Eastport, Idaho, at an average price of $1.45/MMBtu; 18 percent at Noyes, Minnesota, at $1.68/MMBtu; 15 percent at Sumas, Washington, at $1.53/MMBtu; 14 percent at Port of Morgan, Montana, at $1.64/MMBtu; 5 percent at Niagara Falls, New York, at $2.15 /MMBtu; 5 percent at St. Clair, Michigan, at $1.90/MMBtu; 3 percent at Waddington, New York, at $1.89/MMBtu; and 3 percent at various other entry points, at $1.79/MMBtu.

In addition, 26 **short-term export** authorizations were used to export a total of 18.4 Bcf. Of this total, 8 companies exported 6.0 Bcf of gas to Canada, at an average price of $1.96/MMBtu. Eighteen companies exported 12.4 Bcf to Mexico at an average price of $2.23/MMBtu.

Year to Date Data: Comparing the first nine months of 1998 with the same period of 1997, gas imports increased 5.4 percent or by 118.4 Bcf (2326 v. 2207.6 Bcf). Canadian imports increased by 113.1 Bcf or by 5.3 percent (2255.3 v. 2142.2 Bcf); Mexican imports increased by 1.6 percent (12.8 v. 12.6 Bcf); and LNG imports increased 10 percent (57.9 v. 52.8 Bcf). During the same time period, total exports increased by 6 percent (122.5 v. 116.1 Bcf). Exports to Canada decreased 21 percent (33.3 v. 42.2 Bcf) and exports to Mexico increased 34 percent (38.4 v. 28.7 Bcf). Exports to Japan increased 12 percent (50.8 v 45.2 Bcf).

The quarterly report and any future revisions will be resident on our Electronic Bulletin Board at (202) 586-7853 or on the Internet at http://www.fe.doe.gov. All general queries concerning this report should be made to Yvonne Caudillo at (202) 586-4587 or by E-mail at yvonne.caudillo@hq.doe.gov.